Program Summary
Department of Corrections (ADC)
Health Care

Program Overview

Department of Corrections (ADC) provides health care to inmates as required by the United States Supreme Court (Estelle v. Gamble, 1976) and by Arizona Statute (A.R.S. § 31-201.01). ADC's health program's objective is "to provide constitutionally mandated health care to offenders" that is consistent with community standards. This standard includes:

- The ability of inmates to make their health problems known.
- A competent and qualified health care staff to examine inmates and diagnose illnesses.
- The capacity of health care staff to treat inmate illnesses or provide referrals to outside medical/dental providers for treatment.

The Department of Corrections operates a managed-care program that provides health care services to over 27,000 inmates at 10 state-operated correctional facilities. All ADC privately contracted in-state and out-of-state correctional facilities must provide health care to the remaining 5,600 inmates housed at their facilities, as monitored by ADC. Inmate treatment is provided in 2 ways: 1) on-site at correctional facilities and 2) off-site with health care providers or hospitals.

Offenders begin medical processing upon arrival at the main intake unit in Phoenix where inmates receive a diagnostic health evaluation. This includes laboratory bloodwork analysis, physical and dental exams, x-rays, a medical history assessment, and a mental health and vision screen. Once in a prison unit, inmates are reviewed again by heath care staff and a treatment plan is scheduled. All ADC prisons have fully-staffed medical units with physicians and 24-hour nursing care. On-site treatment includes routine and minor emergency medical, dental and mental health services. Major emergency procedures and specialty treatment, such as orthopedics and neurology, is only available at outside health care facilities. The health care staff to inmate ratio at prison facilities is 1 to 924 for physicians and 1 to 154 for nurses.

Most scheduled (non-emergency) medical procedures and third party consultations at outside facilities require prior review and approval. Recommend-actions from on-site health care providers are reviewed by a local facility medical committee and a central office medical review board to establish "medical necessity and continuity of care". Nearly 10,000 inmate health care issues were deferred to offsite facilities in FY 2005 including 6,626 specialty consults (outpatient visits and telemedicine); 1,083 hospital admissions; and 1,769 emergency room visits.

The department contracts with 10 outside health care facilities for major medical treatment and each provider serves a different geographic area. Medical contracts are awarded for a 5-year period and 3 of the 10 providers must go through a competitive bid process for the local ADC health care contract. The other 7 providers directly negotiate the contract with ADC. Direct negotiation is available only when a "sole provider", or lone option for provision of a particular service, has been identified, as per Arizona Administrative Code R2-7-338 (B).

The 2 largest providers, Carondelet/St. Mary's in Tucson and Maricopa Integrated Health Systems (MIHS), also known as Maricopa County Special Health Care District, are critical care hospitals that provide the majority of inmate treatment and have on-site availability of specialty physicians, telemedicine and outpatient services. The 2 providers each have a specialty doctor panel of as many as 200 physicians and maintain secure locked wards that serve as an extension of ADC correctional facilities, as required by ADC. For security reasons, ADC provides correctional officers for supervision of inmates while being treated at hospital facilities. The number of officers required depends on the security level of inmates, with Level 5 (maximum security) classified inmates typically requiring 2 correctional officers posted at all times. St. Mary's Hospital in Tucson is the largest provider of inmate hospital services with 71% of the hospital admissions. The remaining 8 contracted facilities are utilized mainly for emergency needs and short-term hospital stays.

Telemedicine

Since 1996, ADC has relied increasingly upon telemedicine programming to provide inmate health care services. Through this University of Arizona program, specialty physicians at hospitals can consult with inmates via telephone rather than requiring an in-person meeting. All of the prisons located outside of the Phoenix area provide or will soon provide telemedicine services. In FY 2004, telemedicine generated an ADC savings of $680,000 due to decreased transportation and security costs. Doctors can see as many as 10 to 15 inmates per hour and a total of 1,890 inmates used telemedicine services in FY 2005. There is often a 6- to 8-week wait for a telemedicine or outpatient services since each

specialty usually offers telemedicine consults only 1 day per month.

Program Funding

The ADC Health Care Program receives funding from 2 sources: the State General Fund and the Prison Construction and Operations Fund (PCOF). The department receives no federal funding for inmate health care. In FY 2006, the program is funded at $88.3 million or 10.6% of the department's total budget. This is an increase of $1,979,000 over FY 2005 as a result of additional funding for population growth and statewide salary increases in FY 2006. The FY 2006 funding level represents an increase of 17.3% from FY 2001 levels. *Table 1* displays historical funding information for the Health Care Program by fund source, using data from FY 2001, FY 2005 and FY 2006.

Table 1

ADC Health Care Funding History

Fund	FY 2001	FY 2005	FY 2006
GF	$75,242,700	$86,034,600	$88,013,600
PCOF	0	250,000	250,000
Total	**$75,242,700**	**$86,284,600**	**$88,263,600**

AHCCCS Billing Processing

In October 2004 the department began using AHCCCS as its bill processor or Third Party Administrator, which requires Tucson and Phoenix area facilities to utilize per diem flat rates for inpatient hospital bed costs. This same structure is utilized by AHCCCS, however ADC is not required to use AHCCCS rates. The inpatient tiers include (1) Maternity, (2) ICU, (3) Surgery, (4) Psychiatric, (5) Routine, and (6) Custodial Care. Previously, facilities often charged fees for all services based on a percentage of bill charges, such as a 70% ADC reimbursement of costs. Physician services, outpatient, trauma, emergency care, specialty clinic and air transportation are separate costs that are based on the bidder's proposed fee schedule.

Inmate Co-Pays

In order to limit abuse of available health care services, in 1994 ADC began charging inmates co-pays, as authorized by A.R.S. § 31-202.01H. The current co-pay for inmate medical appointments is $3. This fee is deducted from the prisoners' spendable account and is deposited into the General Fund for reduction of agency costs. No co-pay will be applied for chronic conditions, previously scheduled treatments or emergency care. An inmate cannot be refused treatment due to lack of personal financial resources.

Treatment Costs

The Department of Corrections currently serves over 1,494 inmates per day at a daily cost of $8.20 ($3,029 annually). Over a 10-year period, this cost has risen by 40% from $5.95 in FY 1994. According to ADC, the rising cost of inmate health care has resulted from medical inflation and an increasing number of inmate hospital admissions and bed days. Statewide ADC hospital admissions rose from 785 in FY 2002 to 1,150 in FY 2004, an increase of 46.5%, and hospital bed days increased by 55.1%, from 5,064 to 7,857, over the same period.

The ADC population is also considered high-risk due to infectious pre-incarceration behaviors and requires costly treatments and medications. Of this population, 19% of the population has Hepatitis C, which is higher than the 1.8% afflicted in the general population. ADC also treats approximately 130-150 HIV/AIDS infected inmates per year, (3-5% of the inmate population) and 4,000 inmates are on psychotropic medications. In FY 2004, ADC spent $23.7 million for hospital treatment.

Performance Measures

Table 2 includes performance measures for the Department of Corrections Health Care System. None of the measures listed in the General Appropriation Act directly measure ADC health care performance. The performance measures listed below are compiled from statistical data provided by the Department of Corrections but are not measures that the department currently uses.

The measures listed in *Table 2* demonstrate various aspects of measuring program performance including cost efficiency, efficiency in providing treatment to inmates and potential cost savings generated by department treatment policies. First of all, ADC should consider measuring the cost of inmate health care compared to the cost of providing a comparative service to an outside population, such as AHCCCS per member costs or an average national per inmate cost. Utilizing a comparative standard would provide a better gauge for interpretation of costs rather that an average inmate cost alone. Second, the percent of inmates receiving health care within 60 days would demonstrate how quickly inmates can be treated, which would measure the processing time or treatment efficiency in providing the proper "standard of care". The department has not yet provided information relating to this measure. Third, as mentioned in the *Program Funding* section above, telemedicine provides cost savings or cost avoidance to the department and the state. With a 28.5% rate of use for telemedicine, one can see cost savings that were not available 10 years ago.

Table 2

ADC Health Care Performance Measures

Performance Measures	FY 2004 Actual	FY 2006 Estimate
Percentage of ADC health care cost per inmate compared to the average AHCCCS health care cost per capita*	--	--
Percent of inmates receiving health services within 60 days	--	--
Percent of specialty consults conducted using telemedicine	28.5 (FY 2005 Actual)	30

*An accurate AHCCCS estimate is currently not available.